



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT SETTLES FLORIDA HOSPITAL MERGER CASE, DEAL
PROVIDES LOWER HEALTH CARE PRICES AND PRESERVES COMPETITION**

WASHINGTON, D.C. -- In a trend-setting settlement involving two Florida hospitals, the Justice Department today offered a model on the kinds of consolidations medical providers may do to lower prices while preserving competition.

The lawsuit and settlement, were joined by the Florida Attorney General's office, the first time an antitrust action has been filed jointly by state and federal antitrust enforcers.

The agreement bars the merger of the two largest hospitals in North Pinellas County, near St. Petersburg, while permitting them to jointly provide certain health care services in which competition is plentiful and to share some administrative costs.

"The agreement provides an innovative way to enable the hospitals to achieve cost savings without endangering competition," said Bingaman. "The hospitals must continue to compete on prices to consumers."

Under the agreement, announced jointly with representatives from the Florida Attorney General's office, the two hospitals may form a joint venture partnership for care in which there are

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numerous competitors or for which patients might seek attention far from home. The partnership will manage the joint services and will contract to provide them to each of the hospitals at cost. The hospitals would then compete on the price at which they sold those services to consumers which will result in keeping prices competitive.

"The joint services will enable the hospitals to achieve significant cost savings that would unlikely be achieved in other ways," said Bingaman. "Those savings can be passed on to consumers resulting in lower health care prices."

Such partnerships could include, for example, outpatient services which are provided by clinics and doctors' offices, or open-heart surgery, in which hospitals compete in a broad area.

The settlement permits the two hospitals to merge procurement efforts, certain administrative services, telephone services, accounting, billing and collections, and medical records, while providing appropriate confidentiality measures.

The two hospitals account for nearly 60 percent of the market. Morton Plant Hospital is the largest in the area with 672 beds. Its major competitor is Mease Health Care, with 378 beds on two sites.

The action was the first settlement of a case in the health care industry since the issuance of the Statements of Antitrust Enforcement Policy in the Health Care Area, an initiative announced by First Lady Hillary Clinton and Attorney General

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Janet Reno last September. The Statements encourage cost-saving joint ventures and joint purchasing agreements while maintaining the benefits of competition.

The proposed consent decree, settles the lawsuit, filed on May 5, in U.S. District Court in Tampa, Florida, in which the Department and the Florida Attorney General alleged that the merger of the two hospitals was likely to lead to higher prices and poorer services for North Pinellas County consumers.

"The merger as originally proposed by the two hospitals which dominate the market in North Pinellas County, would likely have reduced the drive to keep prices down and service up," said Bingaman.

The consent decree, if approved by the court, alleviates the Department's and Florida Attorney General's antitrust concerns.

The case was handled by federal attorneys in the Antitrust Division's Professions and Intellectual Property Section and by Division economists, and by state attorneys in the Florida Attorney General's Antitrust Division.

The proposed consent decree and competitive impact statement will appear in the Federal Register. Written comments may be sent to Gail Kursh, Chief, Professions and Intellectual Property Section, Antitrust Division, U.S. Department of Justice, 555 Fourth Street, N.W., Room 9903, Washington, D.C. 20001.

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